Illinois Department of Revenue

INFORMATIONAL BULLETIN

August 1990

+ CHANGES IN HOME RULE SALES TAX IN CHICAGO (COOK COUNTY) Summary: Beginning with your September 1 sales, report your home rule sales tax to the state.

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TO: ALL RETAILERS AND +---+SERVICEPERSONS CONDUCTING BUSINESS IN CHICAGO

This is to remind you that, beginning with sales you make on September 1, 1990, you will report and send to us both the home rule sales tax you collect and the sate and local sales tax you have been collecting. These rates will be combined and preprinted on your Form ST-1, Sales and Use Tax Return.

HAS THE HOME RULE SALES TAX RATE CHANGED?

No change has occurred in Chicago's 1 percent home rule sales tax rate for GENERAL MERCHANDISE. Therefore, the combined general merchandise rate will be 8 percent.

You will report receipts from this general merchandise tax on line 4a on the ST-1. Your preprinted return will show the correct combined rate.

Chicago will continue to exempt QUALIFYING FOOD, DRUGS, AND MEDICAL APPLIANCES from home rule sales tax. Thus the rate for these items appearing on your ST-1 will be 2 percent.

You will report receipts from this food and drug tax on line 5a on the ST-1. Your preprinted return will show the correct combined rate.

WHAT DO I DO WHEN A CUSTOMER PAYS ME AFTER SEPTEMBER 1 FOR A PURCHASE MADE EARLIER AT A DIFFERENT RATE?

If the original purchase was made at a different tax rate from those rates in Line 4a and 5a, you must report need information about these receipts on Line 8a of the ST-1.

WHAT'S NEW FOR AUTO DEALERS?

If you sell cars or other items that require a title, you should pay special attention. The home rule sales tax does not apply to these sales, and receipts from these sales will continue to be taxed at the current rate of 7 percent when reported on Form ST-556.

However, the rate of 8 percent reported on Form ST-1 will apply to receipts from sales of general merchandise, such as the parts you sell over the counter and the parts you use during service of motor vehicles and airplanes.

Also, Chicago has a 1 percent vehicle HOME RULE USE tax. The municipality is responsible for collecting tax. Call the Sales Tax Hotline at (312) 744-8760 if you the home rule use tax.

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WHAT'S BEING TAXED?

The home rule sales tax has the same base for general merchandise as the state tax you are

+ Quarterly filers You will have two returns for the third quarter. The return for July and August will be preprinted

OUESTIONS?

If you have questions or need more information, please call or write us. Our telephone numbers

already familiar with. (The base refers to those items that are taxed. Any item that is exempt from state tax will also be exempt from this home rule tax.)

DO I CHARGE HOME RULE TAX TO ILLINOIS CUSTOMERS WHO LIVE OUTSIDE MY HOME RULE MUNICIPALITY?

Effective September 1, 1990, you will charge home rule tax on your sales (except sales reported on Form ST-556) regardless of your Illinois customer's address or the sale's point of delivery within this state.

WHAT ARE MY SPECIAL FILING INSTRUCTIONS?

+ Monthly filers Your September return this tax should be will be the first reported directly to return to have combined rates. The due date is October 31, 1990, for the 1990.

September will be preprinted with the higher combined rates. The due date for both returns is October 31, 1990.

+ Annual filers You will have two returns. The return for January through August will be preprinted with the lower rates, and a return for September through December will be preprinted with the higher combined rates. The due date for both returns is January 31, 1991.

+---+ |TO:|RETAILERS OF MOTOR +---+FUEL

Chicago's 5-cent-pergallon motor fuel tax remains in effect, and your home rule municipality. In addition, motor fuel is subject to the 1 return for September percent home rule sales tax on general merchandise. You will report these sales along with all of your other general merchandise sales on your ST-1, paying the combined general merchandise rate of 8 percent.

with the lower rates, and address are listed and a return for at the bottom of this bulletin.

CALL: 1 800 732-8866 or FOR INFORMATION 1 217 782-3336

WRITE: Illinois Department of Revenue

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